



July 9, 2007

Mr. Dane Gillette, Chief Assistant Attorney General
California Department of Justice
Criminal Law Division
1300 I Street
Sacramento, CA 95814

Dear Mr. Gillette:

**Final Audit Report—California Department of Justice, High Technology Crime Taskforce
Grant Award HD05059504**

Enclosed is the final report of the California Department of Justice's (DOJ) High Technology Crime Taskforce grant award HD05059504 for the period July 1, 2005 through June 30, 2006. The audit was performed under an interagency agreement between the DOJ and the Department of Finance, Office of State Audits and Evaluations (Finance).

Our audit included a review of grant revenue and expenditures, internal control, and compliance with grant contract provisions. Because our audit did not identify any findings, we are issuing this report as final. In accordance with Finance's policy of increased transparency, this report will also be placed on the Finance website.

We appreciate the assistance and cooperation of DOJ staff during our audit. If you have any questions regarding this report, please contact Frances Parmelee, Manager, or Zach Stacy, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Janet I. Rosman, Assistant Chief
Office of State Audits and Evaluations

Enclosure

cc: Mr. James M. Humes, Chief Deputy Attorney General, Office of the Attorney General
Ms. Doris Brownfield, Acting Director, Office of Program Review and Audits, California
Department of Justice
Ms. Laurie Denny, Program Manager, Criminal Division, California Department of Justice
Mr. Kirby Everhart, Chief, Criminal Justice Program Division, Governor's Office of
Emergency Services

A GRANT AUDIT

California Department of Justice
High Technology Crime Taskforce
Grant Award HD05059504
For the Period July 1, 2005
Through June 30, 2006

Prepared By:
Office of State Audits and Evaluations
Department of Finance

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The Department of Finance, Office of State Audits and Evaluations (Finance), performed this grant audit under an interagency agreement with the California Department of Justice (DOJ). The purpose of this audit was to determine whether the DOJ complied with the Governor's Office of Emergency Services' (OES) High Technology Crime Taskforce grant award.

The audit objectives were as follows:

- To determine whether the DOJ appropriately used state grant funds as intended and specified in the grant award.
- To determine whether the DOJ's internal control allows for the accurate and timely development of accounting data needed to produce the *Statement of Budgeted, Claimed, and Allowed Expenditures*.
- To verify the DOJ's compliance with applicable laws, regulations, and contract requirements.
- To provide, as necessary, recommendations regarding the eligibility of funding and improving internal control.

This report is intended for the information and use of the DOJ and OES management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

STAFF:

Diana Antony, CPA
Manager

Zach Stacy
Supervisor

Toni Bourez
Crystal Greenwell
KieuChinh Tran

INDEPENDENT AUDITOR'S REPORT

Mr. Dane Gillette, Chief Assistant Attorney General
California Department of Justice
Criminal Law Division
1300 I Street
Sacramento, CA 95814

We have audited the accompanying *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) of the California Department of Justice (DOJ) in accordance with the Office of Emergency Services' (OES) grant award HD05059504 for the period July 1, 2005 through June 30, 2006. The Statement was prepared from the DOJ's records and is the responsibility of DOJ management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 1, for the purpose of determining the DOJ's fiscal compliance with the requirements of grant award HD05059504. The Statement is not intended to be a presentation of the DOJ's total revenue and expenditures.

In our opinion, the Statement referred to above presents fairly, in all material respects, the budgeted, claimed, and allowed expenditures for grant award HD05059504 for the period July 1, 2005 through June 30, 2006, in conformity with accounting principles generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the DOJ's Statement is free of material misstatement, we performed tests of the DOJ's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit; and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Generally Accepted Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the DOJ's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the Statement and not to provide assurance on the internal control over financial reporting. However, we did not note any matters involving the internal control and its operation that we consider to be reportable conditions under *Generally Accepted Government Auditing Standards*. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls that, in our judgment, could adversely affect the DOJ's ability to initiate, record, process, and report financial data consistent with the assertions of management in the Statement.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the Statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the DOJ and OES management and is not intended to be and should not be used by anyone other than the specified parties. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

Janet I. Rosman, CPA
Assistant Chief, Office of State Audits and Evaluations
(916) 322-2985

April 19, 2007

STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

**California Department of Justice
High Technology Crime Taskforce
Grant Award HD05059504
For the Period July 1, 2005 through June 30, 2006**

	<u>Budgeted</u>	<u>Claimed</u>	<u>Allowed Amounts*</u>	<u>Questioned Amounts</u>
Grant Funds				
Personal Services	\$382,694	\$348,654	\$348,654	\$ 0
Operating Expense	52,215	39,050	39,050	0
Equipment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Grant Funds	<u>434,909</u>	<u>387,704</u>	<u>387,704</u>	<u>0</u>
Cash Match (Note 2)				
Personal Services	67,655	52,185	52,185	0
Operating Expense	23,074	33,320	33,320	0
Equipment	<u>18,000</u>	<u>11,898</u>	<u>11,898</u>	<u>0</u>
Total Match Funds	<u>108,729</u>	<u>97,403</u>	<u>97,403</u>	<u>0</u>
Total Grant Funds	<u>\$543,638</u>	<u>\$485,107</u>	<u>\$485,107</u>	<u>\$ 0</u>

* Allowed amounts are based on the results of audit tests.

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENT OF BUDGETED, CLAIMED, AND ALLOWED EXPENDITURES

**California Department of Justice
High Technology Crime Taskforce
Grant Award HD05059504
For the Period July 1, 2005 through June 30, 2006**

NOTE 1 Summary of Significant Accounting Policies

A. Definition of the Reporting Entity

The constitutional office of the Attorney General, as chief law officer of the State, has the responsibility to see that the laws of California are uniformly and adequately enforced. This responsibility is fulfilled through the diverse programs of the California Department of Justice (DOJ).

The DOJ is responsible for providing skillful and efficient legal services on behalf of the people of California. The Attorney General represents the people in all matters before the Appellate and Supreme Courts of California and the United States; serves as legal counsel to state officers, boards, commissions, and departments; represents the people in actions to protect the environment and to enforce consumer, antitrust, and civil rights laws; and assists district attorneys in the administration of justice.

The DOJ also coordinates efforts to address the statewide narcotic enforcement problem; assists local law enforcement in the investigation and analysis of crimes; provides person and property identification and information services to criminal justice agencies; supports the telecommunication and data processing needs of the California criminal justice community; and pursues projects designed to protect the people of California from fraudulent, unfair, and illegal acts.

B. Program Information

The Governor's Office of Emergency Services awarded the DOJ a \$434,909 grant award for the period of July 1, 2005 to June 30, 2006. This grant award funds educational and prosecution services to the task force programs created pursuant to the DOJ's High Technology Theft Apprehension and Prosecution Program Identity Theft Support (HTAPP-IDTS) program.

The HTAPP-IDTS program is part of the Office of the Attorney General's Special Crimes Unit, Criminal Division. The program consists of five Deputy Attorney Generals (DAGs) who provide statewide educational and prosecution services to the five task forces:

- Northern California Computer Crimes Task Force
- Sacramento Valley Hi-Tech Crimes Task Force
- Rapid Enforcement Allied Computer Team
- Southern California High Tech Task
- Computer and Technology Crime High Tech Response Team

The DAGs must also provide similar services to rural areas within California not now served by the five task forces. Also, the DAGs serve as a point of contact for state agency inquiries as well as facilitate out-of-state identity theft investigation requests. A Special Agent also assists the DAGs with investigational support. The jurisdiction includes the State of California, a service area that covers over 163,000 square miles and is the home to over 34 million people.

C. Basis of Presentation

We prepared the *Statement of Budgeted, Claimed, and Allowed Expenditures* (Statement) from the DOJ's accounts and financial transactions. The Statement summarizes the DOJ's expenditures pertaining to the grant award. The Statement is not intended to represent all of the DOJ's expenditures and summarizes the DOJ's transactions pertaining to grant award HD05059504 only.

D. Basis of Accounting

The DOJ's accounts are maintained on a modified accrual basis and in accordance with the principles of fund accounting. Under the modified accrual basis, revenues are recorded as they become measurable and available, and expenditures are recorded at the time the liabilities are incurred.

NOTE 2 Matching Fund Requirements

The grant award requires the DOJ to provide matching funds equal to 20 percent of the total grant expenditures. Accordingly, the DOJ agreed to provide a cash match of \$108,729. However, since the DOJ did not request reimbursement for the total grant award, the DOJ reduced the matching funds proportionately to the amount of the claimed costs. As a result, the DOJ claimed \$97,403 in matching funds.